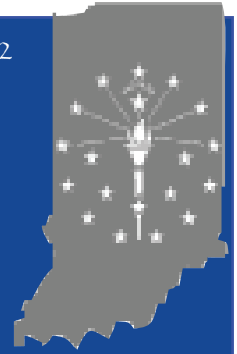


# The INTERCHANGE

The official newsletter for Indiana state employees



**SPECIAL ISSUE DEDICATED TO EXPLAINING THE PAY FOR PERFORMANCE PROGRAM**

## What does my performance rating mean?

During 2007 all full-time state employees will be receiving a performance appraisal with an overall rating on it. This is like a report card, but the grade is not A, B or C. Rather, the possible grades are: *Meets Expectations*, *Exceeds Expectations* or *Does Not Meet Expectations*.

The performance appraisal each employee receives will assess what the employee has accomplished in terms of the performance goals that were set at the beginning of the year. The appraisal also has a section for rating how the employee does his or her job. This section is called the General Factors. An employee receives a rating in both of these categories and then an overall rating to reflect the employee's performance for the year.

Most employees will receive a rating of *Meets Expectations*. This means that the employee is doing a good job in all of the areas that are important for his or her job. To receive this rating an employee will have completed satisfactorily all of his or her significant performance goals and will have demonstrated a satisfactory competence in the General Factors. Employees rated *Meets Expectations* will receive a four percent increase in their base pay for 2007.

Employees who routinely go beyond what is expected to achieve extraordinary results will be rated as *Exceeds Expectations*. These are the

employees often looked upon as the superstar—the “go to” person others seek out when the supervisor is unavailable. To receive this rating an employee has to exceed expectations in most of their performance goals and receive meets or exceeds expectation on the General Factors. Typically, an agency will have about 10 percent of its work force in this category. Employees rated *Exceeds Expectations* will receive a 10 percent increase in their base pay.

The remaining rating category of *Does Not Meet Expectations* will be given to an employee who is not meeting expectations in any one or



more key aspects of his or her job. This means that if the employee failed to satisfactorily complete a key performance goal or cannot demonstrate proficiency in the General Factors for the job, then the employee is not performing at expectations. The employee and the employee's supervisor should immediately develop a plan to address the performance gap. Employees with a rating of *Does Not Meet Expectations* will not receive a performance pay increase.

## What's your question about pay for performance?

**Q:** What performance-based pay raises will be provided for each of the three levels of performance: *Exceeds Expectations*, *Meets Expectations* and *Does Not Meet Expectations*?

**A:** Those receiving an overall *Exceeds Expectations* will receive a 10 percent pay raise. For those receiving a *Meets Expectations*, their increase will be four percent. Employees receiving an overall rating of *Does Not Meet Expectations* will not receive a performance increase.

**Q:** What level of performance would be required to achieve a rating of *Exceeds Expectations*?

**A:** The rating *Exceeds Expectations* describes an employee who consistently goes beyond what is expected in his or her job, both with respect to the performance goals and the General Factors. For instance, some of the behaviors anticipated for *Exceeds Expectations* involving customer service include the following: provides excellent service to all customers, frequently going beyond what is strictly required; keeps informed about customer's needs and/or wants and in general, anticipates customer's needs; responds to customer requests with high degree of sensitivity and a sense of urgency; builds close, collaborative

(continued on page 4)

# Performance management: goal, perform, measure, achieve

The new performance management program for state employees is based on setting measurable goals for every employee. As the program was launched this year, some employees and supervisors did not have an opportunity to meet to set specific goals, so those employees will be assessed on the performance expectations contained in their job description. But as we move into 2007, every employee will meet with their supervisor to learn what their performance goals will be.

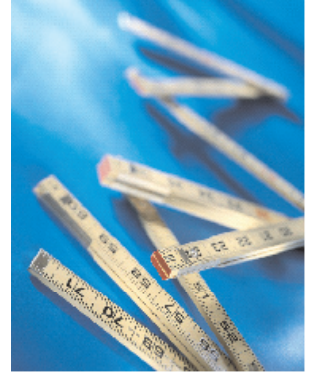
Performance goals need to be **SMART**: specific, measurable, achievable, relevant to the agency's strategic objectives, and time sensitive. That means that each goal needs to define a specific outcome that is consistent with the agency's strategic plan. The goal needs to define how the outcome will be measured. Here's an example:

If the employee's job is data entry, is a goal to input data faster a SMART goal? The goal doesn't indicate a specific outcome. "Faster" could mean three more records input per day or 30 more. How will the goal be measured? Is it by the number of records entered? What about records entered incorrectly? Each goal should specify exactly how it is to be measured.

The outcome of the goal needs to be something that an individual can realistically achieve. Is it realistic for an INDOT highway maintenance supervisor to set a goal to ensure that no INDOT employee is ever injured on the job? How could that goal be achieved? In some settings accidents will happen in spite of doing everything right.

Goals also need to be time sensitive. It would not be appropriate for a payroll clerk to have a goal which specified that payroll will be completed with a

zero error rate no matter how long it takes. No one would like that goal as the calendar for submitting pay records is precise and must be followed.



The key to achieving your goals is to understand how the goal will be measured, what the starting point is and how you can keep track of the measurement over the performance year. One of the advantages of this program is that it develops in employees an awareness of continuous improvement from measuring point to measuring point. And as employees continuously improve they may be surprised at just how much can be achieved!

## What if I think my performance appraisal is incorrect?

The new performance management program the State is using is very different from programs the State has used in the past. This program measures "results," while in the past the measurement was at times rewarding "effort" even when the results were not there.

Also, the old performance appraisals used five different rating levels from Unsatisfactory to Outstanding and now there are only three rating levels: Meets Expectation, Exceeds Expectation and Does Not Meet Expectations.

It is not possible to look back to old performance appraisals and determine what you think you should be rated in

the new system. That would be like trying to compare a thermometer with a fuel gauge! The new program is measuring different things.

When you receive your new performance appraisal in January and meet with your supervisor to discuss it, ask lots of questions so you can be sure you understand what your supervisor looked at to arrive at the rating and what you would have had to do differently in order to receive a higher rating.

If you think your supervisor made a mistake and did not take into account some of the results you achieved, be sure to bring that to your supervisor's attention.

You can also seek the help of your agency human resources personnel. Schedule a meeting with your human resources representative to explain your concerns and enlist their input to help you understand the rating you received or to assist you in bringing your concerns to your supervisor.

You are responsible for your performance. As your goals are set for 2007, make sure you understand how they will be measured. Then go to it.

*Goal...perform...measure...achieve!*

# Three ways to boost your pay as a state employee

If you have a rural background, or at least familiar with it, you may recognize the three-legged stool that's been found in many a barn. Let's take a look at what the stool represents.

Each of those legs is important to keeping it upright and balanced. The State's pay-for-performance program also has three legs. Each leg represents an opportunity, based on your job performance, to boost your income as a state employee.

Those three legs represent: Performance-based increases to your base salary; agency spot bonus program and the Governor's Public Service Achievement awards.

## *Leg #1 – Performance-based increases to base salary*

This is the first year for the new goal-based performance management program, focusing on each employee's contribution to the goals of their agency. Performance-based increases to annual salaries are based on an annual performance review to recognize and reward accomplishments over the entire review period. No longer do employees automatically get a raise.

The secrets to success under this new program are:

- (1) individual accountability
- (2) measurement
- (3) continuous improvement

Each employee should take responsibility to know and understand his or her performance goals and how they will be measured. Employees should also regularly measure where they are and continually work to improve.

## *Leg #2 – Agency spot bonus*

A spot bonus is a mechanism for recognizing and rewarding outstanding performance "on the spot." It is a one-time cash payment that is intended to reward superior effort in completion of a special project or other one-time event.

Spot bonuses are awarded by the agency head and are issued for any amount of money between \$100 and \$1,000. This is the first year for this program and so far about 2,000 spot bonuses have been distributed.

## *Leg #3 – Governor's Public Service Achievement awards*

Gov. Mitch Daniels announced the Public Service Achievement Awards in December 2005 to recognize and reward employees who improve efficiency, provide better service or stretch tax dollars. Since its inception just a year ago, the Governor has recognized 90 employees across the state for their efforts. State agencies submit nominations of individuals and/or teams for review and recommendation to a selection committee. Each award winner receives a medallion and a check for \$1,000.

Recent honorees have been successful in a number of ways, such as dramatically increasing

federal dollars to the state's coffers, thereby reducing the state's costs; auditing programs and discovering misappropriated funds; creating and implementing a tax amnesty program; streamlining permitting processes and reducing backlogs of caseloads; improving security for Indiana citizens and its visitors; organizing a task force to help with the clean up following Hurricane Katrina; developing and implementing innovative programs to facilitate the successful re-entry of offenders to communities; centralizing human resources services, and several other ways.

The recipients of this award have had a tremendous impact. The award winners have been responsible for realizing an annual cost savings of \$10.3 million, with an additional \$8.64 million identified as one-time savings to the State, as reported on the nomination forms.



Have more questions about pay for performance? Contact your agency human resources professional or log onto the State Personnel Department's web site at: [http://www.in.gov/jobs/employeerelations/perf\\_app\\_info.html](http://www.in.gov/jobs/employeerelations/perf_app_info.html)

## What's your question about pay for performance? (continued from page 1)

relationships with all customers; motivates others to provide service by example; and examines and recommends changes to processes to improve customer service. It is anticipated that only 10 percent of the state's workforce will be rated as *Exceeds Expectations*.

**Q:** When does a newly hired employee become eligible?

**A:** Front-line employees with less than a full year of service during the review period, but greater than six months (hired between January 1 and June 30, 2006), will be eligible for a pro-rated portion of their performance increase during this current cycle. The hiring agency will apply a "Monthly Pro-rating Chart." Front line employees with less than six months service in 2006 (hired on or after July 1, 2006) will not be eligible until the following year, and will receive in January 2008, a pro-rated amount above the standard percentages to reflect more than 12 months of performance. The same applies to April-eligible employees, although the dates referred to above would be different.

**Q:** If an employee changes from one position to another (transfers/promotes / demotes) during the review period, is the due date for the performance appraisal and timing of eligibility for a performance-based pay increase affected?

**A:** No. Upon a change in position, the previous supervisor will complete a performance appraisal for the employee as input for new supervisor. The new supervisor will consider this information when conducting the appraisal at the annual due date.

**Q:** Which employees are eligible for performance increases in January?

**A:** Employees whose positions are classified as COMOT, SAMCOMOT, LTC, SAMLTC, non-supervisory POLE, PAT 4, 5, & 6 will be eligible in January.

**Q:** Which employees are eligible for performance increase in April?

**A:** Employees classified as PAT 1, 2, & 3, SAMPAT, or E-Level will be eligible in April.

**Q:** Some job families, such as teachers, and protective occupations and law enforcement (POLE) are on their own pay matrix. Are these employee also entitled to pay-for-performance?

**A:** No. They are compensated based on the matrix.

**Q:** What happens if a supervisor fails to submit timely performance appraisals for his/her employee(s)?

**A:** The employee(s) will not receive a performance increase until the appraisal is completed, but any increase will be made retroactive. The supervisor will be rated *Does Not Meet Expectations* for failing to do a timely appraisal.

**Q:** What happens if upper management disagrees with the ratings submitted by the direct supervisor?

**A:** A rating is not considered final until the various levels of management within an agency have approved it.

**Q:** How will the General Salary Adjustment (GSA) be administered with variable pay-for-performance?

**A:** There will not be a GSA; all pay raises will be performance-based.

*The Interchange* is published monthly by the State Personnel Department. It is printed as a courtesy of Central Printing, Dave Sandlin, Manager, and distributed as a courtesy of Central Mail, Helga Alexander, Mailroom Administrator.

*The Interchange* is available online at [www.in.gov/jobs/theinterchange](http://www.in.gov/jobs/theinterchange)



Printed on Recycled Paper

**INDIANA**  
Driven by People

## What are the general factors?

All employees in the January review group will be rated on the same general factors. Those factors and their definitions are listed below:

*Job knowledge – Possesses adequate knowledge, skills and experience to perform the duties of the job; understands the purpose of the work unit and how position contributes to the overall mission of the agency; maintains competency in essential areas.*

*Customer service – Demonstrates knowledge of internal and external customers; is sensitive to customer needs and expectations; responds promptly and willingly to provide information, services and/or products as needed.*

*Teamwork – Encourages and facilitates cooperation, pride, trust and group identity; fosters commitment and team spirit; works with others to achieve goals.*

*Adaptability/flexibility – Adapts readily to new situations and changes in the workplace; works well under pressure; learns and functions well under widely different situations and circumstances.*